"Work-First" Works Best

Welfare Reforms in the Deficit Reduction Act of 2005 Utlizes the Proven <u>Work-First</u> Strategy of 1996 Welfare Reforms

In more than 30 years of welfare reform efforts, one approach continues to emerge strongest – the "work-first" approach promoted in the 1996 welfare reform law.

- The most comprehensive study of welfare reform projects to date found convincing evidence that "work–first" approaches outperform education-based programs. This study concludes that "[employment-focused programs] generally had larger effects on employment, earnings, and welfare receipt than [education-focused programs]."
- A recent study found a model community college training program had no impact on the earnings of welfare recipients currently in the workforce.

Numerous tools and resources are available to help states engage at least 50 percent of welfare recipients in work and work-related training.

- For example, states can more accurately count work already occurring among welfare recipients using the National Directory of New Hires.
- A recent demonstration in Washington, DC suggests that data matching will help states collect more accurate data on welfare recipients who are working. This will free up resources currently spent on recipients who should no longer receive cash assistance and better target work-supports to help employed welfare recipients transition from government assistance.

Welfare reforms in the *Deficit Reduction Act of 2005* will maintain the current "work-first" focus.

- States will continue to be expected to engage at least 50 percent of parents on welfare in at least part-time work or work-related training.
- Clarifying guidance issued in June 2006 informs states how to count and report work by recipients, ensuring recipients are engaged in meaningful activities.
- Real work-rate targets will increase since states will no longer get credit for caseload declines that occurred 10 years ago (but future caseload declines will continue to help states meet work targets).

Chairman Bill Thomas (R-CA)
Committee on Ways and Means
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